

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2003-295-W - ORDER NO. 2004-570
NOVEMBER 15, 2004

IN RE: Application of Georgia Water & Well Services, Inc. for Approval of an Increase in its Water Rates and Charges)))))	ORDER GRANTING CLARIFICATION AND DENYING RECONSIDERATION AND REHEARING
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This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition for Clarification, Reconsideration and/or Rehearing filed by Georgia Water and Well Services, Inc. (Georgia Water or the Company). The Petition relates to Commission Order No. 2004-175, issued on April 7, 2004. Because of the reasoning stated below, we grant clarification in part, but deny the remainder of the Petition.

First, Georgia Water questions the Commission discussion in Order No. 2004-175 of only 445 residential water customers, with no discussion of any commercial customers. The Company points out that there were also 2 commercial customers noted in the Application and the prefiled testimony of Company witness Shoemaker. Further, Georgia Water states that it had requested the establishment of a commercial base rate and tap fee, based on DHEC Single Family Equivalent (SFE) loadings. Accordingly, Georgia Water requests that this Commission either clarify that the approved flat base rate and tap fee for the residential customers applies also to the commercial customers,

provided that they are to be based on SFEs, or to clarify that the Company is authorized to install meters for the Company's present and future commercial customers and charge them a metered rate and that a commercial tap fee be established. We grant clarification on this issue by holding that the Company's commercial customers may be charged at the approved monthly flat rate times the commercial customer's single family equivalent as determined by the DHEC guidelines. We decline to establish a commercial tap fee at this time. Further, no meters or metered rates may be used with the commercial customers at this time. No metered rate has been appropriately proven.

Next, Georgia Water requests reconsideration and/or rehearing on this Commission's denial of an increase in the Company's management fee. The Company renewed its request for an increase in this fee from \$1,800 to \$4,000, basing this request on the alleged testimony in the case. The Company states that it now has 7 employees instead of the former 2 employees. Alternately, the Company requests that this Commission increase the management fee from \$1,800 per month to \$2,685.48 per month, based on application of the Consumer Price Index to the \$1,800 from 1989 to 2003. We deny the reconsideration, and, thus, the increase on either ground. As stated in Order No. 2004-175, Commission Staff witness Scott testified that the Company's books and records could not be tied to the requested management fee. Even though witness Scott testified on cross-examination that expenses such as billing, administration, repairs and maintenance, and on-call services are the type of expenses usually incurred by a utility which could support a management fee, the fact is that Georgia Water could not

document its requested management fee. Because the Company did not meet its burden of proof on this issue, we deny reconsideration and/or rehearing on this issue.

Lastly, Georgia Water requests that this Commission increase plant in service by 387 taps times the \$250 tap fee or \$96,750 in order to account for taps having been installed by the previous owner, which the Company claims have not been recognized in this case, in light of the Commission's adoption of Staff's adjustments to increase plant in service by the 60 out of 447 taps installed by the Company, and the recomputation of the Depreciation Expense Adjustment for allowable depreciation expense of \$5,462. The Company also requests that this Commission recompute depreciation expense in order to match it with the plant in service balance. We also deny rehearing and/or reconsideration on this issue. Staff witness Scott testified that the Staff concluded that the taps installed by the previous owners were booked correctly. The proposal of Georgia Water must be denied because the record indicates that the amount of capitalized taps included the 387 taps installed by the previous owner was included at the time of purchase. Staff transferred the net book value at the time of purchase. There is no reason to support the request to increase plant in service by the 387 taps installed by the previous owner. In fact, the adjustment to depreciation expense made by the Staff regarding the taps installed by Georgia Water was to account for the taps not properly booked by the Company. There is no evidence that the previous owner did not book installed taps correctly.

Accordingly, with regard to the entire Petition, we grant clarification in part, but we deny the remainder of the Petition. The Appendix A originally attached to Order No. 2004-175 shall be modified to reflect the commercial rate granted above.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
G. O'Neal Hamilton, Vice Chairman

(SEAL)